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CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

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COUNTRY **Germany (Soviet Zone)**  
SUBJECT **Report Describing 1953 Operations of VEB  
Malting Factory, Loebau, Saxony**

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SUPP. TO  
REPORT

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THIS IS UNEVALUATED INFORMATION

(a) Your works in Loebau is, as all malthouses in the German Democratic Republic, organized under the VVB, the Union of People-Owned Enterprises; there is the administration of People-Owned Enterprises, having its offices in Potsdam. The head of this supreme organization for the entire brewing and malting industry is in very close contact with the Office of the Secretary of State; in other words, with the highest governmental authority of this country. Its officers must all be members of the SED, the Socialist Unity Party of Germany; they are partly brewing technicians, engineers, brewers, corn merchants, and artisans. This organization is maintained by the entire brewing industry.

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(b) For one ton of barley the malthouse has to pay some DM264.00, free origin; for this purpose [redacted]  
The supplier is the local VVE-AB, the Union of People Owned Collecting and Purchasing Enterprises, an organization that takes harvest-and-crops credits from the same bank to pay the farmers. So, it is no longer permitted to buy barley right from the farmers.

(c) Invoices for malt received are addressed to the breweries. [redacted]

(d) Monthly balancing sheets are sent to the VVB in Potsdam, a tremendous waste of paper. The basis for the entire production and operation, however, is the VEB Program, which again is composed of 99 individual plans. This program is established and prepared by each enterprise, separately, checked by the VVB in Potsdam, approved of by the Office of the Secretary of State, and thus passed

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into law. The respective forms to be used by the enterprises are furnished by the VVB.

- (e) The entire handling of these matters in the Organization is horribly complicated and irksome, the executives frequently not being "burdened" with the know-how, so it might happen that for any reason unknown the credit has been exhausted and the bank does no longer supply the funds required, for, you will understand, we are very short of cash; and the end of the matter is that wages are paid some days after they are due, a fact which, is easy to understand, results in justified annoyance. In a brickyard they even went so far that one day workmen went on strike, and with lots of difficulties and troubles funds were, at long last, withdrawn from a place where they themselves were in bad need of them - - just to make payday come true. Being short of cash is here no merely acute state but quite a chronic one. [redacted] finally succeed in paying out with a two days' delay.

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- (f) Here is some more about how things are managed: at this time this plant employs about 30 to 34 persons. DM1,750.00 to DM1,900.00 are monthly paid for sickness funds and social security. For sick members there are, however, but DM125.00 available to this enterprise. And there is, of course, no chance to ever make ends meet. So, in order to help the sick, measures have to be taken which take time and great efforts, not to speak of the troubles involved. And this to happen, month after month.

(g) [redacted]

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- (1) Separation of 1,500 square meters of malt floor, i.e. fifty percent of the total size available. Since people of the DHZ, the Deutsche Handels-Zentrale, Foodstuff Dept., managed to persuade the competent gentlemen of the Office of the Secretary of State that storing food on malt floors is more important than making malt, directions from the highest instance were received under May 20, 1953, saying that the malt floor has to be made available to the DHZ as of the date of receipt.

The results of such directions are an incisive change in all plans, a decrease in the number of personnel, and, what's worse, the operation of a restricted plant does certainly not pay as much as it has to, not to talk about all the troubles [redacted] with the individual workman.

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[redacted] it is particularly painful to witness that each and every effort made to reconstruct the works are disregarded and that, by a single stroke of pen, the output is cut from 100 to 70 percent. [redacted]

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(2) [redacted]

[redacted] the refrigerator plant, shipped by Borsig in 1925, does not work again so far. The funds required for a total overhaul could not be raised, so things have gone so far that the removal of the unit is now an "affaire conclue". The spray condenser is to go to a Zwickau brewery right after the holidays. In this country such removal is called a mere "change in places". In other words, the unit is removed without any compensation because everything is "people-owned", and objecting to such actions is quite dangerous. That's what it is. According to the laws of the German Democratic Republic alien property may no longer be expropriated after 20 September 1950. But such provisions are not applied because in those supreme authorities officers and officials are transferred and retransferred so often that the offender, if called to give account, can, eventually, no longer be located.

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- (h) [redacted] information on the supply of raw materials; [redacted] lack of coal; there is, in fact, an ample stock of it, lasting till late 1953. With the cut in production there is even a considerable number of tons left.

Brewing barley is to last from the beginning of the season of 1952-53, from September 1952, till May 1953. At present /May 1953/ experts are assigned to classify the incoming barley right on the frontier checkpoints of Frankfurt, Oder River and Guben. [redacted] in fall, i.e. before the domestic barley has reached full germinating power, work on the imports can be started.

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- (i) As to malt sales there has been another change after 1 April 1953: as it is, all sales are controlled by the Hop Distributing Organization, Malt Branch. This shall cut the tremendously long journeys of malt. After all, it was nonsense to ship barley from our area to Dresden and Pirna and malt via Loebau to Goerlitz and Weisswasser. [redacted]

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